



DELAWARE ECONOMIC INDEX

Issued by the
Office of Economic Policy

*"Information
is the
currency
of democracy"*
— Thomas Jefferson

LEGEND FOR CURRENT STATE ECONOMIC CLIMATE

	STRONG
	MODERATE
	FAIR
	FRAGILE
	SEVERE

STATE ECONOMIC CLIMATE OVER PAST 60 DAYS

As of April 11, 2011

Key Rationale for Rating

- Food and gas prices are showing signs of inflationary pressure. The regional consumer price index increased by 1.3% from December to February.
- State unemployment rate remains high.
- State housing market remains weak as prices continue to decline and construction remains sluggish.
- The four-week moving average of U.S. jobless claims declined by 5,750 to 389,500 for the period ended April 2, 2011.
- Consumer spending rose in February, but much of that increase was due to higher gas prices.
- The Federal Reserve Bank of Philadelphia's Leading Economic Index for Delaware indicates growth of Delaware's economy through the 3rd quarter of 2011. It had previously projected contraction.
- Consumer confidence declined in March.
- DEFAC forecast revenues will be \$77.1 million higher than previously projected for Fiscal Year 2012 and \$78.6 million greater for Fiscal Year 2011.
- Revenue from Delaware casinos is higher than expected thus far in Fiscal Year 2011. The casinos, which are the fourth largest source of revenue for state government, are on pace to generate \$254 million in revenue. This is approximately \$37 million more than projected.
- Regional manufacturing grew at its fastest pace since 1984.

CONSUMER SECTOR

Unemployment



February, 2011

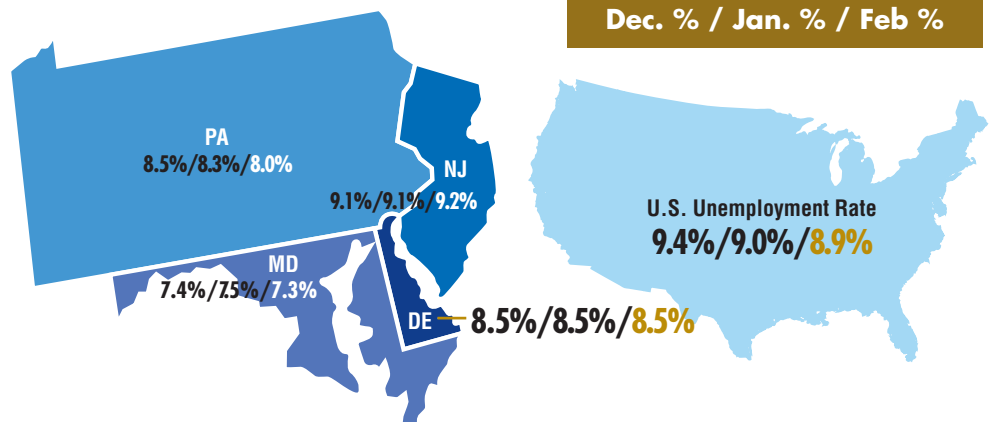
Delaware Unemployment Rate 8.5%

*In February 36,200
Delawareans were unemployed.*

Source: Delaware Department of Labor, seasonally adjusted

Regional Unemployment

Dec. 2010/ Jan. 2011 / Feb. 2011



Sources: Delaware Department of Labor; New Jersey Department of Labor; Maryland Department of Labor, Licensing and Regulation; Pennsylvania Department of Labor & Industry; United States Bureau of Labor Statistics



Delaware State Treasury

State Treasurer Chip Flowers

Average Home Price



	Feb-2011	Feb-2010	Change
New Castle County	\$203,709	\$236,302	-16%
Kent County	\$165,541	\$192,028	-16%
Sussex County	\$308,828	\$327,358	-6%

Source: The News Journal

Gas Prices



	Delaware	United States
April 8, 2011	\$3.66	\$3.73
One Week Ago	\$3.55	\$3.62
One Month Ago	\$3.49	\$3.50
One Year Ago	\$2.78	\$2.87

Source: Delawaregasprices.com

Mortgage Rates



	As of April 7, 2011	Week Prior
30-year fixed	4.87%	4.86%
15-year fixed	4.10%	4.09%
5-year ARM	3.72%	3.70%
1-year ARM	3.22%	3.26%

Source: Freddie Mac

U.S. Consumer Confidence Index



Rating Index

90 = Doing well
100 = Strong growth

Source: Wall Street Journal

Month	Index
March 2011	63.4
February 2011	72.0

Regional Consumer Price Index

	Feb-2011	Dec-2010	Change
All items	230.878	228.017	+ 1.3%
Core	239.286	237.331	+ 0.8%

This Index covers the Philadelphia-Wilmington-Atlantic City Consolidated Metropolitan Statistical Area. In Delaware, it covers all of New Castle County.

Source: U.S. Bureau of Labor Statistics.



FINANCIAL SECTOR

Stock Prices of Key Delaware Employers

Employer	Jan. 31 2011	Mar. 31 2011	% Change
Astra Zeneca PLC	\$48.90	\$46.12	-5.69%
Bank of America Corp	\$13.73	\$13.33	-2.91%
Citigroup Inc.	\$4.82	\$4.42	-8.30%
Dover Downs Gaming and Entertainment Inc.	\$3.44	\$3.59	+4.36%
DuPont	\$50.68	\$54.97	+7.80%
First Union Corp.	\$12.22	\$11.25	-7.94%
JP Morgan Chase & Co.	\$44.94	\$46.10	+2.58%
Kraft Foods Inc.	\$30.57	\$31.36	+2.58%
PNC Financial Services Company	\$60.00	\$62.99	+4.98%
Siemens AG	\$128.41	\$137.34	+6.95%
Verizon Communications Inc.	\$35.62	\$38.54	+8.20%
Walgreens	\$40.44	\$40.14	-0.07%
Wilmington Trust	\$4.38	\$4.52	+3.20%
S&P 500 Index	1,286.12	1,325.83	+3.09%
Dow Jones Industrial Average	11,891.93	12,319.73	+3.60%

Source: Google Finance

Coincident Index

The Coincident Index for Delaware remained flat in February. Average hours worked in the manufacturing sector increased, while the unemployment rate remained unchanged. Average hours worked in manufacturing increased, while the unemployment rate remained unchanged.

The Coincident Index is issued by the Federal Reserve Bank of Philadelphia to summarize economic conditions in the region. An increase in a state's coincident index indicates an increase in such state's Gross Domestic Product (GDP) growth.

Region	Feb. 2011	1-Month Change	3-Month Change	12-Month Change
Delaware	138.0	0.0%	-0.1%	+1.2%
Pennsylvania	142.0	+0.4%	+1.2%	+4.3%
New Jersey	147.3	-0.1%	-0.1%	+0.9%
United States	152.5	+0.3%	+0.8%	+2.8%

Source Federal Reserve Bank of Philadelphia

Leading Index

Declining initial unemployment claims, an increase in building permits and the index of delivery times for manufacturers kept the leading index positive. Delaware's leading index for February suggests expansion in the state's economy into the third quarter of 2011. The leading index had previously forecast contraction.

The Leading Index is issued by the Federal Reserve Bank of Philadelphia to predict the six-month growth rate of a state's Coincident Index.

Region	February	January	December
Delaware	0.5	0.6	0.1
Pennsylvania	3.3	2.8	1.7
New Jersey	-0.3	-0.2	-0.2
United States	1.9	1.9	2.0

Source Federal Reserve Bank of Philadelphia



Treasury's Portfolio Balances

(As of Mar. 31, 2011)

Portfolio	Market Value	% of Total
Liquidity A/Cs:		
BNYM Cash Inv Strategies	\$140,276,092.70	7.9%
JP Morgan Res & Cash	\$349,573,974.89	19.7%
Wells Capital Liquidity	\$347,195,758.89	19.5%
Wilmington Trust Liquidity	\$385,917,284.29	21.7%
Intermediate Accounts:		
Schroder's Interm	\$428,037,814.20	24.1%
Schroder's L&W Endowment	\$74,662,454.68	4.2%
Schroder's Health Fund Endowment	\$53,300,193.99	3.0%
Total	\$1,778,963,573.64	100.0%

Key Interest Rates

Rate	4/6/11	Month Ago	Year Ago
Wall Street Journal Prime Rates	3.25%	3.25%	3.25%
Federal Discount Rate	0.75%	0.75%	0.75%
Fed Funds Rate	0.25%	0.25%	0.25%
Bond Buyer's 20 Bond Index	5.00%	4.90%	4.44%
1 Month LIBOR Rate	0.24%	0.26%	0.25%
3 Month LIBOR Rate	0.29%	0.31%	0.30%
6 Month LIBOR Rate	0.46%	0.46%	0.45%
1 Year LIBOR Rate	0.79%	0.79%	0.92%
Call Money	2.00%	2.00%	2.00%

Source: Bankrate.com

U.S. Treasury Department Bond Rates

Date	4 Weeks		52 Weeks	
	Bank Discount	Investment Yield	Bank Discount	Investment Yield
Feb. 1, 2011	0.16%	0.16%	0.25%	0.25%
April 7, 2011	0.03%	0.03%	0.26%	0.26%

Source: U.S. Treasury Department

Key Benchmark Exchange Rates

As of April 8, 2011

Currency	Value (in U.S. Dollars)	Change
Euro	\$1.4437	+0.965%
British Pound	\$1.6340	+0.153%
Japanese Yen	\$0.0118	-0.082%
Australian Dollar	\$1.0530	+0.775%
Canadian Dollar	\$1.0456	+0.262%
Swiss Franc	\$1.0983	+0.615%

Source: Google Finance



National Manufacturing

National economic activity in the manufacturing sector expanded for the 20th consecutive month as the PMI stood at 61.2% in March, a slight decrease from 61.4% in February. March marks the third consecutive month the PMI has been above 60%. Growth has been particularly driven by new orders and production but there is concern over rising commodity prices. A reading above 50% indicates that the manufacturing economy is generally expanding; a reading below 50% indicates general contraction.

Index	Series Index Mar.	Series Index Feb.	% Point Change	Status	Rate of Change
PMI	61.2	61.4	-0.2	Growing	Slower
New Orders	63.3	68.0	-4.7	Growing	Slower
Production	69.0	66.3	+2.7	Growing	Faster
Employment	63.0	64.5	-1.5	Growing	Slower
Supplier Deliveries	63.1	59.4	+3.7	Slowing	Faster
Inventories	47.4	48.8	-1.4	Contracting	Faster
Customers' Inventories	39.5	40.0	-0.5	Too Low	Faster
Prices	85.0	82.0	+3.0	Increasing	Faster
Backlog of Orders	52.5	59.0	-6.5	Growing	Slower
Exports	56.0	62.5	-6.5	Growing	Slower
Imports	56.5	55.0	+1.5	Growing	Faster

Source: ISM Report on Business

National Non-Manufacturing

National economic activity in the non-manufacturing sector grew in March for the 16th consecutive month. Growth slowed, though, as the NMI declined 2.4% from February. Survey respondents overall remained positive about the direction of the economy but expressed concern over rising prices, particularly for fuel and fuel products, as well as with the natural disaster in Japan and its impact on the supply chain.

Index	Series Index Mar.	Series Index Feb.	% Point Change	Status	Rate of Change
NMI/PMI	57.3	59.7	-2.4	Growing	Slower
Business Activity/Production	59.7	66.9	-7.2	Growing	Slower
New Orders	64.1	64.4	-0.3	Growing	Slower
Employment	53.7	55.6	-1.9	Growing	Slower
Supplier Deliveries	51.5	52.0	-0.5	Slowing	Slower
Inventories	55.5	55.5	0.0	Growing	Same
Prices	72.1	73.3	-1.2	Increasing	Slower
Backlog of Orders	56.0	52.0	+4.0	Growing	Faster
New Export Orders	59.0	56.5	+2.5	Growing	Faster
Imports	50.0	53.5	-3.5	Unchanged From Growing	
Inventory Sentiment	67.0	57.5	+9.5	Too High	Faster

Source: ISM Report on Business



BUSINESS SECTOR

Regional Business Outlook Survey Diffusion Indexes

Results from the Business Outlook Survey suggest that regional manufacturing activity in March expanded at the fastest rate since 1984. The growth is attributed to rising exports, business investment and inventory rebuilding. The survey's broadest indicators either showed improvement or remained at high levels. Indicators of future activity also showed improvement. Most firms anticipate increased production over the next quarter. The Business Outlook Survey is conducted monthly by the Federal Reserve Bank of Philadelphia to gauge manufacturing activity in the region.

Source: Federal Reserve Bank of Philadelphia

	March 2011	February 2011
General Evaluation	43.4	35.9
New Orders	40.3	23.7
Shipments	34.9	35.2
Unfilled Orders	14.9	14.9
Delivery Times	8.5	10.0
Inventories	12.0	2.1
Prices Paid	63.8	67.2
Prices Received	22.6	21.0
Number of Employees	18.2	23.6
Average Employee Workweek	13.2	12.8

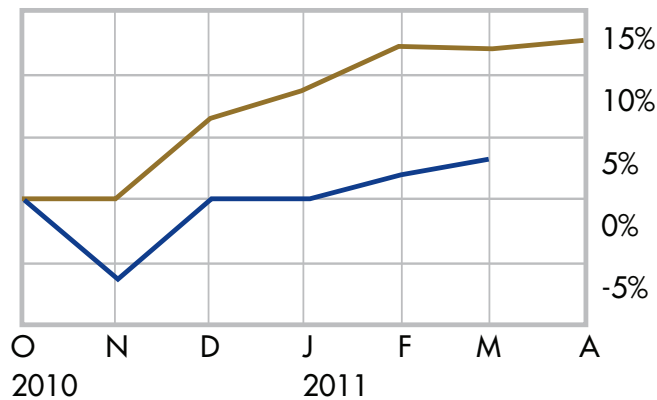
DE Business Index vs. S&P 500

The Delaware Business Index consists of 37 key Delaware stocks.

Six Month Trend

■ Delaware Business Index

■ S&P INDEX



Source: 04/01/11 Bloomberg



NON-PROFIT SECTOR

Educational Level Distribution

These figures are for people who are at least 25 years old.

Education Level	Delaware	United States
Graduate degree	10.9%	10.1%
Bachelor's degree	16.6%	17.4%
Associate's degree	7.3%	7.4%
Some college, no degree	19.4%	20.3%
High school diploma	32.2%	29.3%
9th-12th grade, no diploma	9.1%	9.1%
Less than 9th grade	4.3%	6.4%

Source: American Community Survey (2009)

Median Earnings in Delaware by Educational Level

These figures are for people who are at least 25 years old.

Education Level	Total	Males	Females
Graduate degree	\$63,435	\$75,919	\$54,561
Bachelor's degree	\$49,319	\$58,262	\$42,465
Some college or associate's degree	\$36,527	\$43,465	\$31,729
High school graduate	\$30,457	\$37,323	\$24,968
Less than high school graduate	\$21,160	\$24,359	\$16,109

Source: American Community Survey (2009)

Medicaid Enrollment in Delaware

Year	Number Enrolled
2011	195,000
2009	174,000

Sources: News Journal, Centers for Medicare & Medicaid Services

Household Income Level Distribution

These figures are for people who are at least 25 years old.

Income Level	Number	Percentage
Greater than \$150,000	28,655	9.8%
\$100,000-\$149,999	46,312	15.8%
\$75,000-\$99,999	43,741	14.9%
\$50,000-\$74,999	65,748	22.4%
\$35,000-\$49,999	44,344	15.1%
\$25,000-\$34,999	32,525	11.1%
Less than \$15,000	32,162	11.0%

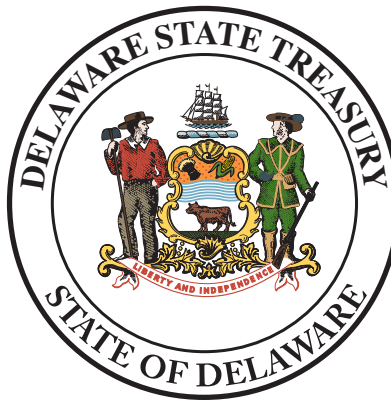
Source: Bloomberg Government (2009)



OTHER ECONOMIC ACTIVITY

Recent Economic Activity

- Wilmington Trust announces it will cut 718 Delaware jobs.
- Johnson Controls announces expansion in Middletown that will add an anticipated 70 new jobs and retain 135 existing jobs when its new distribution facility is built. DEDO will provide a \$2.4 million grant to support the expansion.
- DuPont announces plans to expand agricultural biotech research that will create 75 new jobs. DEDO will provide DuPont a \$1.5 million grant to facilitate this expansion.
- Governor Markell signs an economic cooperation agreement with Hunan province, China.
- Perdue announces it will cut 100 chicken catcher jobs between its Georgetown and Accomac, VA facilities.
- Governor Markell proposes a New Job Creation Tax Credit. It would provide a \$500 annual tax credit for a decade for each new job created or for qualifying capital investments of \$100,000. The proposal would also offer a tax credit of \$750 per year for ten years for the creation of clean-energy manufacturing jobs. The program, which updates an expiring tax credit, would include changes that render it revenue neutral.
- The U.S. Department of Interior finds that Bluewater Wind is qualified to build a wind farm off Delaware's coast. Construction could start as early as 2013.
- President Obama proposes a \$3.73 trillion budget for Fiscal Year 2012. The proposed budget would have a projected deficit of \$1.65 trillion.



<http://treasurer.delaware.gov/>

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